

State of Connecticut

GENERAL ASSEMBLY



COMMISSION ON CHILDREN

The Cost of Child Poverty in Connecticut:

**A sampling of poverty impacts
March 2005**

Meeting the goal of P.A. 04-238 to reduce child poverty by 50% will cost money, but how much does child poverty continue to cost taxpayers?

WORKFORCE COSTS

Lost future productivity from poverty: a billion-dollar loss for Connecticut

Each year that a child spends in poverty results in a cost of \$11,800 in lost future productivity over his or her working life. The United States labor force will lose an estimated \$137 billion in future economic output for every year that more than 12 million poor children grow up to be less productive and effective workers.¹

Since 88,600 (10.8%) of Connecticut's children live in poverty, the Connecticut labor force is projected to lose over \$1 billion in future productive capacity for every year that this number of Connecticut children live in poverty.²

Businesses, consumers pay when productive workers are missing

Businesses pay when poor children grow up to become less educated, less productive workers who require additional training, cannot read well enough or work fast enough to master work responsibilities and new techniques. Consumers pay when higher business costs and lower productivity result in higher prices, lower quality or limited selection of goods.³

Widespread illiteracy hurts business community

The inability of young people to read as they move into adulthood has a negative fiscal impact on businesses. Approximately 300,000 Greater Hartford area adults, or roughly 41% of the adult population, are functioning below the literacy level required to earn a living wage.⁴ Over \$60 billion nationally is lost in productivity each year by American businesses due to employees' lack of basic skills.⁵

HEALTH COSTS

Poverty is a key risk factor for low birthweight

One out of every ten babies born in the poorest cities in Connecticut is a low birthweight baby.⁶ More than one-third of all infant deaths in Connecticut occur in its poorest cities.⁷ Low birthweight children in their first year result nationally in a \$4 billion annual cost.⁸

Poor children are more likely to have lead poisoning

Mean blood lead levels have been found nationally to be 9% higher for one- to five-year-olds in families living in poverty than for those with incomes twice the poverty level.⁹ In Connecticut, 9.1% of children on Medicaid have elevated levels.¹⁰

Hospitals, insurers and the state assume uninsured families' health care burden

The Commonwealth Fund's 2001 Health Insurance Survey found that half of the uninsured have problems paying for their medical care, and a significant portion of those had been contacted by collection agencies. The average amount of medical debt was about \$9,000, but the amount owed ranged from less than \$1,000 to more than \$100,000.¹¹

When families cannot afford medical care, hospitals, insurers and the state assume much of the burden. In 2000, Connecticut hospitals averaged 3.6% of overall costs in uncompensated care. One half of the total uncompensated care for the state was borne by the nine urban hospitals in Hartford, New Haven, Bridgeport and Waterbury.¹²

In FY 2003, Connecticut children's acute care hospitalization charges totaled \$607 million, including \$237 million for Medicaid recipients and \$9 million for uninsured primary payers.¹³

EDUCATION COSTS

The achievement gap: poor children perform more poorly on tests

Children growing up poor in Connecticut perform on educational tests at a much lower level than do higher-income children. The 2003 Nation's Report Card indicates that Connecticut has some of the largest achievement gaps in the nation between students from low- and high-income families. In reading, less than one in five (18%) of Connecticut's low-income fourth grade students met the proficiency standard, compared with 53% of children from higher-income families.¹⁴

Missed preschool results in as much as 5 times more in school-related costs

An estimated 18,000 children in Connecticut are in need of a quality preschool program.¹⁵ When children do not benefit from a high-quality preschool experience, they are at increased risk of poorer school performance as well as grade retention. Bridgeport followed children who had quality early care and education programming and those who did not have such programming. Children who had quality early education had fewer retentions, more frequent attendance, and higher reading scores throughout grades K-2. In the Bridgeport study, retentions in K-2 cost 5.5 times more for those children who did not have quality early care and education (\$622,644) than for those who did (\$113,208).¹⁶

Hunger hurts ability to learn, leads to lower test scores

In a 2001 study, one in five Connecticut children under the age of twelve were hungry or at risk of hunger.¹⁷ Hunger impairs cognitive function in children, leading to a reduced ability to learn and lower grades and test scores. In one study, 6- to 11-year-old children from food-insufficient households had significantly lower arithmetic scores and were more likely to have repeated a grade than children from food-sufficient households. Food-insufficient teenagers are more likely to have been suspended from school.¹⁸ Lack of adequate resources for food also negatively affects behavior, especially among children, leading to a greater need for mental health and special education services.¹⁹

In 2002-2003, for the first time, Connecticut ranked among the ten worst states in the nation in providing a free or reduced price breakfast for those who are eligible. Connecticut also ranked

third to last among schools that participate in both the National School Lunch Program and the School Breakfast Program.²⁰

SOCIAL COSTS

Child poverty increases likelihood of welfare dependence in adulthood

Children living in poverty are more likely to depend on government welfare programs when they grow up. Children from the poorest fifth of families are twice as likely to receive welfare when they are older.²¹

Lack of preschool increases social, economic costs

Studies have estimated that high-quality preschool education increases the fiscal value of a child in the form of lower criminal justice costs and higher job incomes. Such a child is estimated to be worth about \$125,000 in present value budget benefits. As a consequence of the half-million children not having high-quality preschool or any preschool at all, an estimated \$63 billion nationally is lost each year.²²

Poverty segregates, isolates poor and minority children, families and communities

Connecticut is among the seven most segregated states in the country.²³ The fourteen Priority School Districts, with 32 percent of the state's total population under 18, are home to 64 percent of the state's minority students.²⁴

The problems associated with concentrated poverty – including higher crime, troubled schools and poor health – place a great burden on city resources, discourage neighborhood investment and limit residents' opportunities. Families living in high-poverty neighborhoods become isolated from educational, social and employment opportunities elsewhere. They are often unable to participate in the regional economy.²⁵

¹ Children's Defense Fund Action Council. (2004). *A nation and century defining time: where is America going?*, 36. Washington, DC: Author.

² Connecticut Commission on Children calculation based on CDF projection and U.S. Bureau of the Census data. 2003 figures for Connecticut population and percentage of children in poverty.

³ Sherman, A. (1997.) *Poverty matters*, 14. Washington, DC: Children's Defense Fund.

⁴ Greater Hartford Literacy Council. (2003). *Take action for literacy: the status of literacy in Greater Hartford*, 5. Hartford, CT: Author.

⁵ National Institute for Literacy. Cited in Greater Hartford Literacy Council, 6.

⁶ Child Health and Development Institute of Connecticut. (2004, Apr.). *Keeping children on the path to school success*. Farmington: Author.

⁷ Duran, F., & Wilson, S. (2004). *Keeping children on the path to school success: how is Connecticut doing?*, 16-17. Farmington: Child Health and Development Institute.

⁸ Bruner, C. (2002, Sept.) *A stitch in time*, 15. Washington, DC: Finance Project.

⁹ Brooks-Gunn, J., & Duncan, G.J. (1997). The effects of poverty on children and youth, 61. *The Future of Children*, 7(2), 55-71.

¹⁰ Connecticut Lead Action for Medicaid Primary Prevention (LAMPP)

¹¹ Annie E. Casey Foundation. (2003). *The high cost of being poor*. Baltimore, MD: Author.

¹² Commission on the Future of Hospital Care in Connecticut. (2003, Jan. 7). *Report of the Commission on the Future of Hospital Care in Connecticut*. Prepared by Connecticut Health Policy Project.

¹³ Connecticut Office of Health Care Access. (2004, Aug.). *Children's acute care hospitalization charges for all acute and chronic diseases, FY 2003*. Statistics on child poverty & related health care costs provided to Connecticut Commission on Children.

¹⁴ U.S. Department of Education, National Center for Education Statistics. (2003, Nov.). *The nation's report card: 2003* (nces.ed.gov/nationsreportcard/). Washington, DC: Author.

¹⁵ Commissioner Betty Sternberg. Connecticut Department of Education.

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- ¹⁶ Watson, D. (2002, Jan.). *Bridgeport school readiness longitudinal study*. Bridgeport, CT: Bridgeport Public Schools.
- ¹⁷ America's Second Harvest. *Hunger in America 2001*.
< http://www.secondharvest.org/site_content.asp?s=81>. Cited on Connecticut Food Bank website,
< <http://www.ctfoodbank.org/about/hunger.cfm>> (as of Nov. 4, 2004).
- ¹⁸ Alaimo, K., et al. (2001). Food insufficiency and American school-aged children's cognitive, academic and psychosocial development. *Pediatrics*, No. 108, 44-53; Children's Defense Fund. (2004, Jun. 2). *13 million children face food insecurity*. Washington, D.C.: Author.
- ¹⁹ Center on Hunger and Poverty & Food Research and Action Center. (Undated.) *The paradox of hunger and obesity in America*, 3. Waltham, MA & Washington, DC: Authors.
- ²⁰ Food Research Action Center. Report released Nov. 6, 2003. Cited in End Hunger Connecticut! (2003, Nov. 6). *Connecticut among ten worst states in nation in providing school breakfast to low-income children*.
- ²¹ Mayer, S. (1997). *What money can't buy*. Cambridge, MA: Harvard University Press.
- ²² Committee for Economic Development (CED) Invest in Kids Working Group. CED website as of Aug. 11, 2004. <http://www.ced.org/projects/kids.shtml>. Working group calculation on value of high-quality preschool education based on Rolnick, A. & Grunewald, R. (2003, Mar.) Early childhood development: economic development with a high public return. Federal Reserve Bank of Minneapolis.
- ²³ Rusk, D. (2002, Oct.). *Sprawl and fair housing: New Jersey's unfinished agenda*. Paper presented at the Annual Isadore Caneub Memorial Lecture in Planning, New Brunswick, NJ. Reported in Connecticut Association for Human Services. (2003). *A tale of two Connecticut*. Hartford: Author.
- ²⁴ Connecticut Association for Human Services. (2003). *A tale of two Connecticut*. Hartford: Author.
- ²⁵ Orfield, M., & Luce, T. (2003, Mar.). *Connecticut's metropatterns*, 13. Minneapolis, MN: Ameregis.